PRIORITY

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FOREIGN SERVICE DESPATCH

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FROM: THE DEPARTMENT OF STATE, WASHINGTON.

January 8, 1954
DATE

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FAIRC FOI CASE NO. 640259

ACTION ASSIGNMENT

For Dept. Use Only	ACTION	DEPT.	INFO	OTHER
	OLI-10	D:C/R-2 ARA-2 ~~Actg Liaison~~ ECA-2 USIA-2		
	RECD 1/13			Army-35 Navy-39 AEC-24 CIA-10 ~~OSD-2~~ OCB-1

SUBJECT: Joint Weeka No. 1 For State, Army and Air Departments From S. USIA-8

SUMMARY: Political Situation Office Summary

The first week of the New Year brought [illegible] reports of Agrarian Reform disturbances in the Department of Escuintla where Communist-incited campesinos invaded and seized [illegible] not affected by the law, and a policeman investigating theft was hacked to death by farm laborers armed with machetes. Carlos Manuel PELLECER, Communist Deputy for the Department, made an apparent attempt to install Gabriel CASEY, Communist Mayor-elect of Escuintla, in office prematurely by mob action on New Years Eve but, according to the outgoing Mayor, did not follow through because of 200 policemen concentrated in the town.

In an apparently routine Cabinet change, President Arbenz appointed Raúl SIERRA Franco, Director General of Statistics, as Minister of Finance succeeding José Gregorio PREM Beteta. Both men are primarily technicians. The Foreign Ministry, meanwhile, announced that Ambassador Ismael GONZALEZ Arévalo, a career diplomat, was being transferred from Argentina to Costa Rica where he will take charge of Guatemala's delicate relations with the new Administration of President José Figueres.

Foreign Minister Osegueda stated that a decision on Guatemala's attendance at the Caracas Conference would be made by the Cabinet in the next month, but stressed that Guatemala need not recognize Venezuela in order to attend.

The Partido Unificación Anticomunista (PUA) and the Comité de Estudiantes Universitarios Anticomunista (CEUA) announced the formation of a "National Anti-Communist Front," the latest in the series of efforts to unify Guatemala's fragmented anti-Communist movement.

DOMESTIC AFFAIRS

Yore Agrarian Reform Disturbances in Escuintla: In the restive between-crop season, Guatemalan Communist leaders continued to incite farm workers in the Pacific slope Department of Escuintla to seize cultivated lands and farm properties, without regard to the

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REPORTER

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Agrarian Reform Law, according to an on-the-spot investigation by a reporter for the independent newspaper El Espectador. He cited one case where farm workers had cut down planted timber and sold it for firewood and also seized 221 acres of sugar cane worth $75,000. In another case, cultivated farmland belonging to Antonio VILLANOVA, the President's brother-in-law, and his associates, was invaded and taken over by campesinos. In a third case a policeman who had come to investigate the alleged theft of coffee and livestock was lynched by a campesino mob which killed him with machetes and gravely wounded another policeman and the farm manager.

El Espectador's reporter's finding was that this lawlessness was incited by Communists or crypto-Communists in control of that Department. He named Captain Terencio GUILLEN, the Departmental Governor, Gabriel Camey, the Communist Mayor-elect of Escuintla, and most of the members of the Departmental and Local Agrarian Committees, all of whom were led by Carlos Manuel Pellecer, the Communist leader who represents the Department in Congress. The reporter's findings were dramatized by a mass meeting held in Escuintla on New Years Eve by Pellecer in an apparent attempt to install Camey as Mayor by force although his election has not been certified and is being challenged on the grounds of fraud by the other Administration parties. The outgoing Mayor says that Pellecer did not go through with the attempt because 200 policemen were concentrated in the city, but Pellecer says he was merely holding a "peace" rally.

The troubled Escuintla situation has apparently worried Major Alfonso MARTINEZ, opportunist Chief of the National Agrarian Department, who has announced he will go there on January 11 and not return until affairs there are settled. Martinez, whose position makes him interested in an orderly application of the Agrarian Reform, has not openly blamed the Communists for the excesses, but it will be recalled that last March he publicly clashed with the Communist-oriented labor and agricultural federations about such rural disturbances.

Sierra Franco Becomes Minister of Finance: President Arbenz on January 6 appointed Raul Sierra Franco, for the past eight years Director General of Statistics, as Minister of Finance in succession to José Gregorio PREM Beteta whom he named Director of the Production Development Institute (INFOP). The appointment was in line with President Arbenz's preference for technicians in his Cabinet although Sierra Franco, like Prem Beteta, is titularly a member of the Administration's Partido Accion Revolucionaria (PAR). Prem Beteta's transfer out of the Finance Ministry is generally believed to have resulted from his failure to raise taxes sufficiently to meet the Government's worsening financial position (Weeks 51, Section II), but President Arbenz's motive in acting is not clear.

New Anti-Communist Front Announced: The PUA, the principal Opposition political party, and the [illegible], the students' anti-Com-

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munist organization, were reported in the press on December 29 to have formed a new anti-Communist front, the Frente Anticomunista Nacional (FAN) under which their propaganda and electoral activity would be carried out. The FAN does not yet include the several other anti-Communist organizations and its chances of unifying the divided anti-Communist movement must be viewed with some skepticism in the light of the repeated failures of many efforts over the past two years to achieve this objective.

FOREIGN RELATIONS

Foreign Minister States Guatemala's Non-Recognition of Venezuela Is No Bar to Attending Caracas Conference: Implying that Guatemala still intends to attend the Tenth International Conference of American States at Caracas in March, Foreign Minister Raúl Osegueda was quoted in the press on January 4 as stating that the Cabinet would decide on the question of whether Guatemala would send a delegation in the next month. In La Hora of January 7 he was further quoted as saying that Guatemala need not recognize the Venezuelan Government to attend since the invitation is sent out by the OAS and not the Venezuelan Government.

New Ambassador to Costa Rica: On December 31 the Foreign Office announced the transfer of Ambassador Ismael GONZALEZ Arévalo, a career diplomat, from Argentina to Costa Rica, a post which has been vacant since the Costa Rican Government of President Ulate declared Ambassador Rafael O'LEARY persona non grata in June 1953. The appointment of González Arévalo, who has been in the diplomatic service since 1931 and once served as Foreign Minister under his cousin, Dr. Juan José AREVALO, appears to be designed to put a man of more experience than the usual run of Guatemalan "revolutionary" Chiefs of Mission in charge of the delicate business of representing Guatemala before the new Costa Rican Administration of President José Figueres.

Yugoslavia Reportedly Seeks to Establish Diplomatic Relations: The Foreign Ministry announced on December 31 that the Yugoslav Government had proposed the establishment of diplomatic relations with an exchange of Ministers, but that the Guatemalan Government had reached no decision. There has been no public comment on this development from the Communists here, who have occasionally complained of the Peronista activities of the Argentine Labor Attaché and might be expected to oppose more strongly the introduction of Titoist influences.

PSYCHOLOGICAL

Prospects For Return of American Films Brightens: The Municipality of Guatemala City petitioned the government to reduce by half the 20% tax on remittances for foreign films which United States film companies have refused to pay, with the result that no new American films have come to Guatemala since September and movie attendance in November and December dropped to half of that for the

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corresponding period in 1952 (Weeka 50). Should the government, which has been unable to make good its promise there would be sufficient non-American films, and the companies agree on this compromise, American films--the average Guatemalan's principal visual impression of the U.S.--would begin to flow into the country again.

The Municipality's petition came after only three Soviet films had been imported into the country, one of which, "The Great Concert," containing excellent classical Russian music interlarded with propaganda about life on a collective farm, has just completed its run at the "Lux" Theater. It caused a heated clash between the independent newspapers' reviewers who said it was terrible and the leftist and Communist press which claimed it was far superior to the Hollywood product.

FOR THE AMBASSADOR

William L. Krieg
Counselor of Embassy

cc: C.A. Missions & Routine